

SPECIAL NOTICE

April 21, 2004

For further information contact:
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1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342
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Special Event Promoters and Vendors - New Requirements

Legislation passed in 2003 and 2004 creates new requirements for promoters of special events in Washington regarding vendor tax registration.

Effective July 1, 2003, RCW 82.32.033 required promoters of special events in Washington to verify that vendors participating in such events were registered to do business with the Department of Revenue before the event began. The law also required promoters to keep certain records for each vendor at each event and to make them available to the Department upon request. Special event promoters that didn't comply with the new law faced several new penalties.

In 2004, the Legislature updated the statute. Senate Bill (SB) 6663 (Chapter 253, Laws of 2004) makes several changes to RCW 82.32.033. Promoters are now required to make a "good faith effort" to verify that vendors at their events are registered to do business with the Department of Revenue. The bill clarifies that the records required of promoters must be preserved for a period of one year from the date of the special event. In addition, the bill provides that promoters must make a good faith effort to comply with the requirement to provide the Department with information relating to a special event within twenty days of receiving a written request from the Department for the information. **The new requirements are effective as of June 10, 2004.**

If you have questions about any of the requirements for special event promoters, contact the Tax Discovery Central Unit at **1-866-248-1287** or PO Box 1619, Bothell, Washington 98041.

Current requirements

As of June 10, 2004, the law requires that promoters of special events must:

- ◆ Make a good faith effort to obtain verification that each vendor who will make or solicit retail sales of tangible personal property or services at an event has a valid tax registration number with the Washington Department of Revenue. Vendors not registered with the Department of Revenue cannot participate in the special event unless they are exempt from the registration requirements and certify in writing to the promoter that they are exempt.
- ◆ Make a good faith effort to record: the date and place of each special event, and the name, complete mailing address, and Washington tax registration number of each vendor.
- ◆ Make a good faith effort to maintain these records for one year after the date of the special event.

- ◆ Make a good faith effort to provide the above-noted event and vendor information to the Department of Revenue within 20 days of receiving a written request from the Department.

Vendor information databases can also be sent electronically to the Department of Revenue at: Lindajoj@dor.wa.gov.

Exemptions

The above requirements and penalties do not apply to:

- ◆ Events organized for the exclusive benefit of a nonprofit organization (as defined in RCW 82.04.3651), so that all of the gross proceeds of all vendor sales benefit the nonprofit organization.
- ◆ Special events where the promoter charges vendors \$200 or less to participate, or where the promoter charges a percentage of sales instead of, or in addition to, a flat charge to participate, and the promoter, in good faith, believes that no vendor will pay more than \$200 to participate.
- ◆ On-going athletic contests involving team competition, when more than five contests are held per calendar year by at least one team at the same location.

Who is a promoter?

A “promoter” is defined as a person that organizes, operates, or sponsors a special event **and** who contracts with vendors to participate in the special event.

A person is not a “promoter” if they only provide a venue, supplies, furnishings, fixtures, equipment, or services for a special event but do not organize, operate, or sponsor the event.

What is a special event?

A “special event” is defined as an entertainment, amusement, recreational, educational, or marketing event, held on a regular or irregular basis, where more than one vendor makes or solicits retail sales of goods or services.

Some examples include:

- ◆ Auto, recreational vehicle, or boat shows,
- ◆ Home, garden, or craft shows,
- ◆ Antique shows, carnivals, circuses, or fairs.

What is a good faith effort to comply or good faith effort to obtain?

A “good faith effort to comply” or a “good faith effort to obtain” may be evidenced by (but is not limited to) circumstances where the promoter:

- ◆ Includes a statement on all written contracts with vendors that a valid tax registration certificate with the Department of Revenue is required to participate in the event and requires vendors to note their registration number on the contracts; and
- ◆ Provides the Department, within 20 days of receiving a written request, a list of vendors and their registration numbers.

Penalties for not complying

Promoters that don't make a good faith effort to comply with these requirements are subject to the following penalties:

- ◆ \$100 for each unregistered vendor that is permitted to sell goods or services at a special event sponsored by them. (Excluding vendors who are exempt and provide certification to the promoter in writing to document their exempt status.)
- ◆ \$250 if the event and vendor information requested by the Department of Revenue is not received by the Department within 20 days of the request.
- ◆ \$100 for each vendor for whom the requested information is not provided to the Department.
- ◆ The aggregate of all penalties may not exceed \$2,500 for a special event if the promoter has not previously been penalized under RCW 82.32.033.

Vendors – registering with the Department of Revenue

Vendors can register with the Department by:

- ◆ Filing a Master Application online at <http://www.dor.wa.gov/forms/700028.htm>.
- ◆ Visiting any of the Department's local offices or Unified Business Identifier (UBI) service locations.
- ◆ Calling our Telephone Information Center at 1-800-647-7706.

Sales made at special events

Sales of tangible personal property at special events are generally subject to sales tax. Vendors must collect and remit the applicable combined state and local sales tax rate to the Department of Revenue.

The combined state and local tax rate varies throughout the state, depending on the location where the sales are made. For the correct tax rate to charge for a specific location, see our *Local Sales and Use Tax Rates and Changes* publication available at http://dor.wa.gov/Content/Forms/forms_sale.aspx.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.